

Message Text

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SUBJ: YUGOSLAV ECONOMIC RELATIONS WITH EC AND US

REF : COPENHAGEN 2801

1. ON MAY 1 THE FOREIGN MINISTRY (MR. KOCH) GAVE US A RUN-DOWN ON THE APRIL 28 VISIT OF YUGOSLAV MINISTER SMOLE (SEE REFTEL). ON THE DANISH SIDE PARTICIPANTS INCLUDED FOREIGN MINISTER K. B. ANDERSEN, PERMANENT UNDER SECRETARY ERSBOLL, DEPUTY UNDER SECRETARY OTTO MOLLER, AND MR. KOCH, AMBASSADOR MARKEVIC, WHO HANDLES YUGOSLAV EC NEGOTIATIONS, ACCOMPANIED SMOLE.

2. KOCH SAID THE MEETING, WHICH LASTED ABOUT AN HOUR AND A HALF FOLLOWED BY LUNCH, "PRODUCED NO SURPRISES". SMOLE SPENT ABOUT 40 MINUTES UNDERLINING THE POLITICAL IMPORTANCE OF A RENEWED EC-YUGOSLAV AGREEMENT AND THE GREAT ECONOMIC DIFFICULTIES INVOLVED. HE REAFFIRMED YUGOSLAVIA'S STATUS "AS A EUROPEAN, MEDITERRANEAN, NON-ALIGNED MEMBER OF THE GROUP OF 77". THE ONLY NEW ELEMENT IN SMOLE'S REMARKS, KOCH SAID, WAS EXPLICIT RECOGNITION THAT THE "EC IS A MIXED ECONOMY AND CANNOT FORCE ITS BUSINESSMEN TO INCREASE THEIR TRADE WITH
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YUGOSLAVIA".

3. IN RESPONSE TO SMOLE'S REMARKS, KOCH SAID, FOREIGN MINISTER ANDERSEN STRESSED THAT HE HAD PERSONALLY DISCUSSED WITH EC COMMISSION PRESIDENT JENKINS THE POLITICAL IMPORTANCE OF CONCLUDING A SUCCESSFUL AGREEMENT WITH YUGOSLAVIA AND HAD SPOKEN IN SIMILAR VEIN TO HIS COUNTERPARTS FROM OTHER EC

COUNTRIES. ANDERSEN, FRESH FROM A VISIT TO IRELAND, SAID THAT THE IRISH FOREIGN MINISTER SHARED HIS, ANDERSEN'S, CONCERN AND SAW THE NECESSITY TO BUILD A BRIDGE BETWEEN THE POLITICAL "YES" TO SUCH AN AGREEMENT AND THE ECONOMIC "BUT".

4. KOCH SAID THAT ERSBOLL, IN HIS REMARKS, URGED THE YUGOSLAVS TO MAKE GREATER EFFORTS TO GET IN TOUCH WITH EUROPEAN BUSINESSMEN, NOTING THAT THE EC HAS A "MARRIAGE OFFICE" IN BRUSSELS THAT PROMOTES THAT KIND OF CONTACT. CONCERNING THE PACE OF NEGOTIATIONS FOR A NEW AGREEMENT, ERSBOLL CAUTIONED THAT THE EC "WAS A SLOW MACHINE" AND THAT THE MATTER WOULD UNDOUBTEDLY HAVE TO BE DISCUSSED DURING THE NEXT THREE COUNCIL MEETINGS (TWO IN JUNE, ONE IN JULY). ERSBOLL ALSO PLACED EMPHASIS ON THE POSSIBILITY OF ASSISTING YUGOSLAVIA THROUGH THE EUROPEAN INVESTMENT BANK.

5. KOCH DESCRIBED THE OVERALL TONE OF THE MEETING AS POSITIVE. THE YUGOSLAVS WERE PARTICULARLY PLEASED BY A DANISH STATEMENT TO THE EFFECT THAT "THERE WAS A GROWING PERCEPTION WITHIN THE EC OF THE POLITICAL IMPORTANCE OF THE EC-YUGOSLAV AGREEMENT". THE DANES WERE GRATIFIED BY THE YUGOSLAV'S REALISTIC UNDERSTANDING OF THE EC'S DIFFICULTIES IN PROMOTING TRADE. THE YUGOSLAVS, KOCH BELIEVED, CAME AWAY FROM THE MEETING WITH THE CONVICTION THAT THE DANES WOULD DO ALL THEY COULD AS EC PRESIDENT TO FURTHER THE NEGOTIATIONS. YUGOSLAVIA, HE

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SAID, IS MORE INTERESTED IN GETTING A GOOD AGREEMENT THAN IT IS IN REACHING A SPEEDY CONCLUSION TO NEGOTIATIONS.

6. AS A FINAL OBSERVATION, KOCH SAID THAT AT NO TIME DURING THE DISCUSSIONS DID THE YUGOSLAVS IMPLY THAT THEY WOULD TURN EASTWARD IF THE EC WAS NOT MORE FORTHCOMING. WHENEVER CEMA WAS MENTIONED, KOCH SAID, THE YUGOSLAVS CHANGED THE SUBJECT IMMEDIATELY.
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